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Security Council

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Security Council Committee established pursuant to resolution 1737 (2006)

Note verbale dated 2 May 2008 from the Permanent Mission of Portugal to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of Portugal to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1737 (2006), and with reference to the latter's note dated 27 March 2008, has the honour to transmit herewith the report by Portugal on the implementation of Security Council resolution 1803 (2008) (see annex).

08-34165 (E) 050608

Annex to the note verbale dated 2 May 2008 from the Permanent Mission of Portugal to the United Nations addressed to the Chairman of the Committee

Report on the implementation of Security Council resolution 1803 (2008) by Portugal

In accordance with paragraph 13 of Security Council resolution 1803 (2008), and in complement to the report submitted by the European Union Presidency on this matter, Portugal has the honour to inform the Security Council Committee established pursuant to resolution 1737 (2006) on the measures adopted at the national level with the view to implementing the sanctions imposed on the Islamic Republic of Iran.

The Portuguese Government has for the past two months been involved in negotiation at the EU level aimed at adopting a common position to be endorsed by the Council and the subsequent drafting of a regulation transposing resolution 1803 into EU law.

At the national level, the Portuguese Government, committed to the full implementation of resolution 1803, undertook an instrumental inter-agency coordination and circulated it, along with its respective instructions of implementation, to all governmental departments that are involved in its comprehensive national application, as well as to other national entities considered relevant, such as the banking system.

To cope with commercial obligations such as the ones emerging from resolution 1803, Portugal has set forth legislative measures,[1] which implement at the national level the guidelines and the item lists of several export control regimes, such as the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement (WA) and others.

As to what concerns dual-use goods and technologies, Portugal applies the norms of EC Regulation No. 1334/2000 of 22 June and EC Regulation No. 394/2006 of 27 February, according to which all transfers of such items are subject to a preliminary licensing procedure.

Specifically regarding requests for import, export or transit licenses to and from Iran of those goods, technologies and services, whose control rests with the Portuguese Ministry of Defence, these would be denied, in accordance with the following legislation:

i. *Decree-Law 371/80, 11 September*: Definition of rules for the exports of war material and imports of components;

ii *Decree-Law 1/86, 2 January*: The Minister of Defence must authorize the transfer of technology or the sale of patents, models, designs and technical assistance, as well as the participation of experts in foreign education and training programmes;

[1] Decreto-Lei No. 371/80 of 11th of September; Decreto-Lei No. 1/86 of the 2nd of January; Decreto-Lei No. 436/91 of 8th of November; Portaria No. 439/94 of 29th of June and Decreto-Lei No. 297/98 of 17th of December.

iii. *Decree-Law 436/91, 8 November*: Definition of rules for the control of imports and exports of goods that may affect the national strategic interests;

iv. *Decree ("Portaria") 439/94, 29 June*: List of goods and technologies that may affect the national strategic interests, subject to prior licensing and certification;

v. *Decree-Law 397/98, 17 December*: Access of private companies to the trade of military goods.

In the case of infringement, sanctions are imposed as follows:

i. *Decree-Law 1/86, 2 January*: The Minister of Defence may revoke an export license due to the higher National Defence interests.

ii. *Decree-Law 436/91, 8 November*: All those who are responsible for false statements or omit mandatory information from the international export or import certificates will be punished with up to two years in prison; all those who export, temporarily export or re-export goods and technologies that may affect the national strategic interests without the emission of an international export certificate or by means of a certificate obtained through false statements will be punished with a prison sentence from one month up to five years, if there is no higher penalty applicable to the fault by force of other legislation; attempted infringements will be punished.

iii. *Decree-Law 397/98, 17 December*: Infringement may imply the banning of private companies from further trade of military goods.

Regarding the freezing of funds, other financial assets and economic resources of persons and/or entities designated in the annex to resolution 1803, the mentioned resolution was sent to the Ministry of Finance, the competent authority for the application of these international sanctions. According to Law 11/2002 of 16 February 2002 establishing the penal regime applicable to situations of violation of sanctions imposed by Security Council resolutions or European Union regulations, the funds, financial assets and other economic resources should be frozen as soon as the Committee or the Security Council designates persons or entities. This would include any action that, directly or indirectly, might permit to put the funds within reach of any individual or legal entity mentioned in those international legal instruments (articles 1 and 2 of Law 11/2002). Therefore, the financial institutions should affect freezing of funds and economic resources after the competent authorities forward the relevant lists to them. Since the approval of resolution 1803 until now, the Portuguese authorities have not detected any funds, other financial assets or economic resources of persons and/or entities designated in the annex.

Other measures of transnational extent, mainly adopted an carried out at a European Union and international level, such as customs cooperation, information-sharing and intelligence activities, are being put forward to enhance the effectiveness of the sanctions applied against Iran. The Portuguese authorities will remain seized of this matter and will inform the Security Council of any further developments on this issue.

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Note verbale dated 2 May 2008 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1737 (2006), and has the honour to transmit on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland its report pursuant to paragraph 13 of resolution 1803 (2008) on the steps taken by the Government of the United Kingdom of Great Britain and Northern Ireland to implement paragraphs 3, 5, 7, 8, 9, 10 and 11 of the above-mentioned resolution (see annex).

08-34258 (E) 110608

Annex to the note verbale dated 2 May 2008 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chairman of the Committee

United Nations Security Council Resolution 1803 (2008): Implementation Report by the United Kingdom

Introduction

1. Please see the relevant sections below for details of how the UK has implemented the measures in paragraphs 3, 5, 7, 8, 9, 10 and 11 of resolution 1803 (2008) within the UK's legal and administrative structure. The responsible Government department in the United Kingdom, the Foreign and Commonwealth Office, will ensure that details of individuals and entities designated with respect to these measures are transmitted to appropriate government departments and posts overseas.

Assets Freeze and Financial Vigilance

2. HM Treasury is responsible for implementing financial sanctions within the United Kingdom. As stated in the United Kingdom's report pursuant to paragraph 19 of resolution 1737 (2006), in order to implement the financial sanctions element of resolution 1737 (2006) the Privy Council adopted secondary legislation made under the United Nations Act 1946 on 9 February 2007. This legislation allows for immediate financial restrictions to be applied to any individuals/entities listed by the United Nations. Therefore financial sanctions were immediately applied to those listed individuals/entities designated under resolution 1803 (2008).

3. HM Treasury publicises information on financial sanctions on its website and also through an alert system that updates approximately 3,000 subscribers. This allows financial institutions to freeze accounts of listed persons and entities to ensure compliance with the obligations set out in resolution 1803.

4. The Financial Services Authority (FSA) regulates the financial services industry in the UK and will be taking an active approach to ensuring that firms have systems and controls in place to comply with UNSCR1803.

5. HM Treasury published a notice on its website alerting the UK financial sector to the measures in paragraph 10 of Resolution 1803. The notice is available at <http://www.hm-treasury.gov.uk/media/9/C/fin_sanctions_iran_notification_040308.pdf>" This followed HM Treasury notices in October 2007 and February 2008 advising the financial sector to consider applying increased scrutiny and due diligence to transactions associated with Iran due to deficiencies in Iran's anti-money laundering

and counter-terrorist financing regimes highlighted by the Financial Action Task Force (FATF).

Travel Restrictions

6. The UK is applying a full travel ban on the individuals listed in annex II to resolution 1803 (2008) and on those individuals listed in annex 1 to the resolution who are already subject to the requirements of EU Common Position 2007/140/CFSP, as amended by EU Common Position 2007/246/CFSP on 23 April 2007.

7. The UK is exercising vigilance and restraint in respect of entry to, or transit through, the UK by those additional individuals listed in annex 1 to the resolution, who are not as yet subject to travel restrictions required by the EU.

8. In order to implement the measures in paragraphs 3 and 4 of resolution 1803 (2008), the UK has entered the details of the individuals listed onto the UK's border 'watch list'. Where the UK is applying a full travel ban in respect of listed individuals UK Border Agency staff are instructed to refuse those individuals entry clearance and entry to or transit through the UK. Where vigilance and restraint is to be applied any entry clearance application or request to enter or transit through the UK will be considered further, taking account of any permissible exemptions.

9. If a listed person enters or transits through the UK individual procedures have been put in place to ensure that the details are passed to the Committee.

Exports

10. The export control aspects of resolution 1803 (2008) are implemented by the following measures:

(i) Council Regulation (EC) No.423/2007 ("the Regulation")[1], which prohibits inter alia:

a) the sale, supply, transfer or export, directly or indirectly, to any person, entity or body in, or for use in Iran of goods and technology, including software, contained in the Nuclear Suppliers Group and Missile Technology Control Regime lists;

b) the provision of technical assistance or brokering services related to goods or technology in (a) above and to the provision, manufacture, maintenance and use of such goods, directly or indirectly to any person, entity or body in, or for use in Iran; and

c) the participation, knowingly and intentionally, in activities the object or effect of which is to circumvent the prohibitions referred to above;

(ii) The Export Control (Iran) Order 2007, which provides for full implementation of the Regulation into UK law by providing for offences and penalties (as well as powers for licensing in cases where an absolute prohibition does not apply).

Enforcement

11. HM Revenue and Customs (HMRC) is the UK's enforcement authority for the sanctions listed in paragraph 11 above.

12. HMRC continues to enforce existing prohibitions on the export of military and proliferation items and enforce the UK's export licensing system on dual use goods and technology (including intangible transfers) controlled under EC Regulation 1334/2000 destined for Iran. This will include goods that are in transit or being transhipped through the UK. HMRC is also alert to the risk of controlled goods being exported to known diversionary destinations and, on the basis of good quality information, will intercept goods that are likely to be illegally diverted to Iran.

13. As part of its enforcement responsibilities, HMRC also continues to enforce the end-use control. Particular attention is given to high quality industrial goods destined for Iran. In this regard HMRC specifically targets a range of Iranian end-users that are suspected of being involved in the Iranian nuclear and missile programme. This includes not only the entities listed in resolutions 1737 (2006), 1747 (2007) and 1803 (2008) but also other suspected procurement entities in Iran and elsewhere. Where goods are suspected of requiring DTI export licences, the consignment will be stopped and depending on the circumstances of the case, enforcement action taken which may include seizure.

14. HMRC targets direct flights to Iran for possible export breaches and continues to monitor the situation closely. On imports some military items are already subject to UK import licensing controls.

15. HMRC also enforces the prohibition on trafficking and brokering controls in relation to military goods both originating in, and destined for Iran, where the trade activity is undertaken within the UK or by a UK national anywhere in the world.

Grants, financial assistance and concessional loans

16. The UK will not enter into new commitments for grants, financial assistance and concessional loans to the Government of Iran, including through their participation in international financial institutions, except for humanitarian and developmental purposes, in line with the prohibition contained in EU Common Position 2007/246/CFSP of 23 April 2007.

17. Resolution 1803 (2008) calls upon all States to exercise vigilance in entering into new commitments for public provided financial support for trade with Iran. The Export Credits Guarantee Department (ECGD) is responsible for the public provision of export credits, guarantees and insurance in the UK. It is not processing new applications for its cover for trade with Iran.

EU Measures

18. The EU has implemented the provisions of resolutions 1737 (2006) and 1747 (2007) by adopting Common Positions 2007/140/CFSP of 27 February 2007 and 2007/246/CFSP of 23 April 2007 and EC Regulation No 423/2007 of 19 April 2007.

19. We are discussing with our EU partners how to ensure robust EU-wide implementation of resolution 1803 (2008) in an updated Common Position.

United Kingdom
2 May 2008